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RUEHAS/AMEMBASSY ALGIERS PRIORITY 9167  
RUEHAM/AMEMBASSY AMMAN PRIORITY 2502  
RUEHAK/AMEMBASSY ANKARA PRIORITY 3253  
RUEHLB/AMEMBASSY BEIRUT PRIORITY 2476  
RUEHEG/AMEMBASSY CAIRO PRIORITY 0429  
RUEHDM/AMEMBASSY DAMASCUS PRIORITY 3210  
RUEHLO/AMEMBASSY LONDON PRIORITY 0085  
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RUEHRH/AMEMBASSY RIYADH PRIORITY 9479  
RUEHTU/AMEMBASSY TUNIS PRIORITY 3649  
RUCNDT/USMISSION USUN NEW YORK PRIORITY 5587  
RUEHJM/AMCONSUL JERUSALEM PRIORITY 7393  
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UNCLAS TEL AVIV 002135

SIPDIS

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM  
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA  
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DA WASHDC FOR SASA  
JOINT STAFF WASHDC FOR PA  
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR  
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD  
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD  
LONDON ALSO FOR HKANONA AND POL  
PARIS ALSO FOR POL  
ROME FOR MFO

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E.O. 12958: N/A  
TAGS: [OPRC](#) [KMDR](#) [IS](#)

SUBJECT: ISRAEL MEDIA REACTION

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SUBJECTS COVERED IN THIS REPORT:  
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Mideast

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Key stories in the media:  
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Israel Radio reported that an IDF soldier was killed and two others lightly wounded in the Gaza Strip. The radio also reported that two Islamic Jihad militants were severely wounded in a clash with IDF

troops in the El-Bureij refugee camp in the Gaza Strip.

Israel Radio reported that Secretary of State Condoleezza Rice will arrive in the region on Monday or Tuesday and that it is not certain if she will participate in the talks between PM Ehud Olmert and PA Chairman [President] Mahmoud Abbas. The Jerusalem Post reported that Assistant Secretary of State for Near Eastern Affairs David Welch met with Palestinian leaders on Tuesday, and will also hold preparatory talks with Israeli leaders ahead of the Rice visit. The Jerusalem Post quoted a local US official as saying that there was no expectation that Washington would exert pressure on Israel at this juncture to make additional concessions following the goodwill gestures already taken to boost Abbas.

Leading media quoted Deputy IDF Chief of Staff Moshe Kaplinsky as saying on Tuesday that the IDF does not anticipate war with Syria this summer, although the IDF is prepared to counter any attack on Israel -- from Syria, Hizbullah, Iran, or Hamas. In its lead story, Ha'aretz quoted IDF reservists as saying that nothing has changed along the northern border and that another kidnapping, like the one that sparked last summer's war, is merely a matter of time.

All media reported on the anniversary of the outbreak of the Second Lebanon War. Yediot and its Web site, Ynet, dispatched Rinat Makhles, a journalist with the Brazilian daily O Globo, to report from Lebanon ("An Israeli In Hizbullah-Land.")

Israel Radio reported that Amnesty International (AI) and Human Rights Watch (HRW) have harshly criticized Israel and Lebanon over their conduct during the Second Lebanon War. The radio reported that in a statement released Thursday, AI charged that neither Israel nor Lebanon has yet investigated allegations of war crimes. The group called for a UN inquiry and the imposition of an arms embargo on Israel and Hizbullah. In its reports since the war, AI strongly criticized Hizbullah for firing nearly 4,000 rockets at Israeli cities and towns, and Israel for bombing civilian areas and using cluster bombs in south Lebanon. Israel Radio reported that HRW has issued a similar report.

Ha'aretz reported that Egypt has reinforced its troops along the Philadelphi Route between the Egyptian and Palestinian parts of Rafah. The move comes in the aftermath of Egyptian intelligence suggesting that Hamas would try to use force to open the border. Makor Rishon-Hatzofe quoted Riyadh al-Malki, the Palestinian emergency government's Information Minister, as saying that 79 Palestinians who underwent military training in Iran, Syria, and Qatar are waiting at Rafah to enter the Gaza Strip.

Israel Radio cited the US-run Radio Sawa as saying that President Bush will appoint an ambassador to Libya 35 years after the rupture of relations with that country. Radio Sawa said that the new ambassador would be Gene Cretz, the current DCM at the US Embassy to Israel.

Makor Rishon-Hatzofe cited the London-based Ash-Sharq Al-Awsat as saying on Thursday that Abbas associates have asked PM Olmert not to release the Palestinian Parliament members from Hamas. They warned that their release might harm Mahmoud Abbas's ability to act against Hamas.

Ha'aretz quoted UN Secretary General Ban Ki-moon as saying on Wednesday that the discussion of ownership of the disputed Sheba Farms area on the Lebanese border is premature. The UN chief spoke in London, following a meeting with British PM Gordon Brown, in response to a Ha'aretz report earlier on Wednesday saying the UN had asked Israel to hand the land over to UN peacekeepers in Lebanon. UN officials later denied the report, saying "the UN has not asked the government of Israel to hand over the Shaba Farms to the UN." Ha'aretz also cited the GOI's denial of the report.

The Jerusalem Post quoted visiting Slovakian FM Jan Kubis as saying that his country supports Israel's efforts to stymie Iran's drive to develop nuclear weapons.

The Jerusalem Post and Makor Rishon-Hatzofe quoted Likud Chairman Binyamin Netanyahu as saying before the Jerusalem Conference on the Future of the Jewish People that Iran represents an existential threat to Israel, which must act during the time that remains. The

Jerusalem Post quoted Netanyahu as saying that a "Reverse Manhattan Project" is needed against Iran. Ha'aretz reported that a number of delegates attending the conference were surprised to find that Jewish-Muslim peace was not even on the agenda for debate. Maariv reported that after a long struggle, Sephardi Chief Rabbi Shlomo Amar has decided to convert thousands of Russians from the Subbotnik community -- one of the "Judaizing Christian sects." They will eventually immigrate to Israel.

Ha'aretz and The Jerusalem Post cited economic forecasts for 2007-2008 published on Tuesday by the Finance Ministry: The economy is set to grow 5 percent this year and 4.2 percent in 2008. Inflation this year will reach 2.1 percent, and 2.0 percent next year. Unemployment is also predicted to continue to drop.

Ha'aretz cited a World Bank report released on Tuesday, according to which Israel and the UAE are the leading Middle Eastern countries in the fight against corruption and enacting laws that benefit business.

Yediot and other media reported that former Knesset member Naomi Blumenthal, who was convicted in 2006 of corruption related to Likud's primary elections, reached a plea-bargain deal with Justice Minister Daniel Friedmann and will not have to serve a jail term. The plea is subject to approval by Acting President Dalia Itzik or president-elect Shimon Peres.

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Mideast:  
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Summary:  
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Eran Shayson, the analyst team leader at the Re'ut Institute, a non-partisan advisory organization to the Government of Israel, wrote in the conservative, independent Jerusalem Post: "Israel knows that the only political alternative to the Hamas regime in Gaza is al-Qaida. Therefore, if Israel wishes to stay relevant, it will have to recognize Hamas as the true address in Gaza."

Diplomatic correspondent Aluf Benn wrote in the independent, left-leaning Ha'aretz: "There is no argument about the political results of last summer's war: It destroyed the 'big bang,' which promised to redraw the map of Israel's political parties but ended

in a whimper."

Block Quotes:  
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1I. "Hamas Won the Battle -- and It May Win the War, Too."

Eran Shayson, the analyst team leader at the Re'ut Institute, a non-partisan advisory organization to the Government of Israel, wrote in the conservative, independent Jerusalem Post (7/12): "A month after its takeover of Gaza, it seems Hamas has begun to translate its military achievements into political dividends, while Fatah is wallowing in the mud and becoming even less relevant.... Most significantly, it was the cautious 'satisfaction' expressed in Jerusalem and Washington regarding the split between a Hamas-led Gaza and a Fatah-led West Bank, that created the impression that Hamas's coup was in fact a hasty move. Israel and the US seemed to have found the formula that would force Hamas to face the responsibility towards Gaza's population, while making the Fatah government a political partner. However, a month later, it seems that Hamas had the political wisdom to overcome its drawbacks.... Israel's frustration with Hamas's buildup emanates mostly from its failure to influence the Palestinians' internal balance of power.... Therefore, Israel's efforts to strengthen Abbas should be conducted wisely. For example, Abbas should not receive free gifts.... Moreover, Israel should seek to transfer powers and authorities to the PA. Only when the West Bank is ruled by a genuinely self-governing Palestinian authority will there be a chance for the creation of a partner. The true victory of Hamas is that it leaves Israel with no political alternatives vis-a-vis Gaza; Israel knows

that the only political alternative to the Hamas regime in Gaza is al-Qaida. Therefore, if Israel wishes to stay relevant, it will have to recognize Hamas as the true address in Gaza."

## II. "What Remains of the 'Big Bang'?"

Diplomatic correspondent Aluf Benn wrote in the independent, left-leaning Ha'aretz (7/12): "One can argue about whether the Second Lebanon War weakened Israel's regional status, which in the past rested on its deterrent image as a ruffian, or actually brought the country closer to an alliance with Arab regimes that fear Iran and created new opportunities for peace. However, there is no argument about the political results of last summer's war: It destroyed the 'big bang,' which promised to redraw the map of Israel's political parties but ended in a whimper. The choice of Ehud Barak as chairman of the Labor Party and his entry into the government as defense minister returns Israel to the two-headed, two-party system. The race in the next elections will be between Likud and Labor, between Benjamin Netanyahu and Barak. Kadima, the 'big bang' party, may survive as a secular kingmaker, but as last Friday's Ha'aretz-Dialog poll showed, it will probably not be running the country beyond its current term.... The immediate political benefit was reaped by Likud, which, after the split in its ranks and the establishment of Kadima, had looked like an ephemeral right-wing party. Now, Barak will try to position Labor against Likud, perhaps aided by an infusion of ex-Kadima members after the elections.... Ironically, the reasons that led Ariel Sharon into the 'big bang' two years ago, with the encouragement of Haim Ramon and Olmert, are just as relevant now as they were then. Israel still needs a new eastern border to end the occupation of the West Bank and ease demographic concerns. The state also needs a more stable and functional political system, especially after the war exposed the limits of the old 'trust me' system."

JONES